

GENERAL  ELECTRIC

The General Electric Investor

Spring 1970 Issue

1969 ANNUAL REPORT

Chairman's Comments	page 3
Review of 1969 Operations	5
1969 Financial Summary	20
10 Year Summary	28
Directors and Management	29



Highlights of 1969

(Dollar amounts in millions; per-share amounts in dollars)

On worldwide basis of consolidation	1969	1968
Sales of products and services	\$8,448.0	\$8,381.6
Net earnings	278.0	357.1
Net earnings per share	\$3.07	\$3.95
Dividends declared and paid per share	2.60	2.60
Earnings as a percentage of sales	3.3%	4.3%
Earned on share owners' equity	11.0%	14.8%
Plant and equipment additions	\$530.6	\$514.7

Financial summary begins on page 20; ten year summary is on page 28

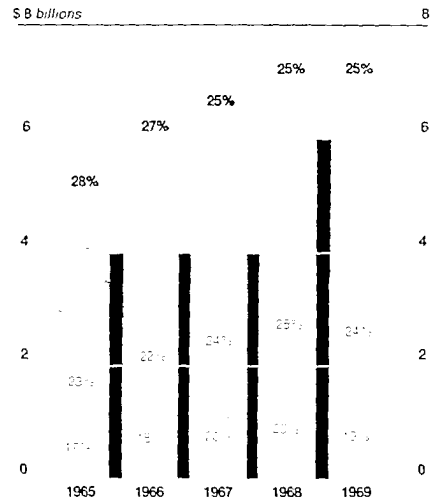
This 1969 Annual Report is one of four quarterly issues of *The General Electric Investor*, published to inform share owners and investors about the activities of General Electric Company whose executive offices are at 570 Lexington Avenue, New York, N.Y. 10022. Note: In this report, unless otherwise indicated by the context, the terms "General Electric" and "Company" are used on the basis of consolidation described on page 20. The corporate signature as it appears on the front cover is a trademark of General Electric Company.



Chairman Borch, shown meeting with financial analysts. Mr. Borch and the three Vice Chairmen of the Board—William H. Dennler, Jack S. Parker and Herman L. Weiss—form the Corporate Executive Office, providing overall planning and guidance for General Electric's worldwide organization.

COVER PHOTOGRAPHS, front and back, depict the varied ways in which General Electric developments are contributing to better cities and a cleaner environment. In Salt Lake City (front cover), automobile travel is safer because 1,594 GE Lucalox® lamps and Power/Door® luminaires bathe more than 12 miles of freeway in the most efficient roadway lighting yet developed. Also, many of the city's buildings are equipped with GE construction materials that form their "electrical backbone" for handling the increasing amounts of electricity required by modern lighting, electric heating, air conditioning and power. Back cover: nature walks, on the grounds of Niagara Mohawk's Nine Mile Point Nuclear Power Station in upper New York State, symbolize the benefit of nuclear generation as a clean, reliable source of electricity.

General Electric Worldwide Sales



Consumer page 7

Light Industrial page 11

Heavy Capital page 14

Aerospace & Defense page 17

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Chairman's comments: strike settlement puts management priority on resuming favorable earnings trend.

General Electric's 1969 results reflect the impact of the prolonged strike that was called on October 26, continued through the end of 1969 and ended only after new contracts were signed with major unions on February 4.

Until the strike, 1969 had been shaping up as a favorable year for the Company.

Earnings through the first nine months had risen 11% above the 1968 nine-month level, and for the year we had every expectation of exceeding the previous earnings record of \$4.01 per share, set in 1967.

Especially encouraging was the fact that the gain in earnings at the end of nine months had outpaced the 8% rise in sales—the result of your management's efforts to translate a greater share of our recent rapid sales growth into improved earnings.

The strike adversely affected what is traditionally the Company's strongest quarter.

Squeezed between sharply reduced sales revenues and continuing fixed costs, earnings for the 1969 fourth quarter fell to 21 cents per share, compared with \$1.35 per share in the final quarter of 1968. As a consequence, the entire year's per-share earnings were \$3.07, off 22% from last year's \$3.95.

The Company's sales for 1969 moved slightly above the 1968 record despite substantial strike-related production losses in the last quarter. The sales gain resulted from the momentum built up in the first three quarters, as well as from the efforts of many non-striking employees to keep shipments going to customers during the strike period. We are grateful for this employee support.

This was a long and costly strike—prolonged unnecessarily, in our judgment, by the complexities which the 13-union coalition introduced into the bargaining picture. Realistic discussions were finally brought about through the effective help of the Federal Mediation and Conciliation Service.

On the favorable side, we are gratified that the agreement was arrived at voluntarily at the bargaining table, without recourse to fact-finding panels or outside arbitrators.

Also, the final agreement, covering a period of 40 months, approximates the economic levels of our earlier proposals. It is in line with the trend for other recent manufacturing settlements and thus, while certainly inflationary, avoids giving a strong new push to the inflationary spiral.

The settlement is fair to employees and keeps us competitive in the labor market. As summarized on page 18, it provides three substantial wage increases, protection against cost-of-living rises, and over 40 improvements in employee benefits.

The new contracts maintain our full right to manage in a number of areas where unions' demands would have diluted what we consider to be essential management responsibilities. Furthermore, they retain for each General Electric employee the freedom of choice about joining a union.

Finally, the settlement represents a commitment to continued production through May 1973.

With major strike problems ended, our highest priority will be given to regaining our momentum toward improved earnings per share.

However, while the longer portion of the strike fell in the fourth quarter of 1969, its impact on results will be considerably more severe in the first quarter of 1970. In the final two months of 1969, considerable sales volume was derived from shipments of finished goods inventory. In the current quarter we will not only have to rebuild our depleted inventories, but operations will be further burdened by the considerable costs of starting up production. These added costs will result in an unprofitable first quarter.

Accordingly, we must work to obtain significant increases in productivity and more effective cost-improvement programs. Along with these major efforts we are hav-

ing to adjust many prices upward, within the competitive realities of the markets we serve.

The favorable effects of these efforts should begin to be felt in the second quarter and to lead to improved results as the year progresses.

Hopefully, while we are regaining our production stride and handling the strike-delayed orders of our customers, the U.S. economy will pass through its current period of slowdown and will resume the moderate expansion generally predicted for the latter part of 1970.

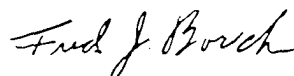
For the new decade as a whole your management forecasts—and is preparing for—a new scale of opportunities for General Electric.

These brighter prospects, reflected in the Review of Operations that follows, add up to what we are confident will be a decade of greater service to a growing range of customers throughout the world.

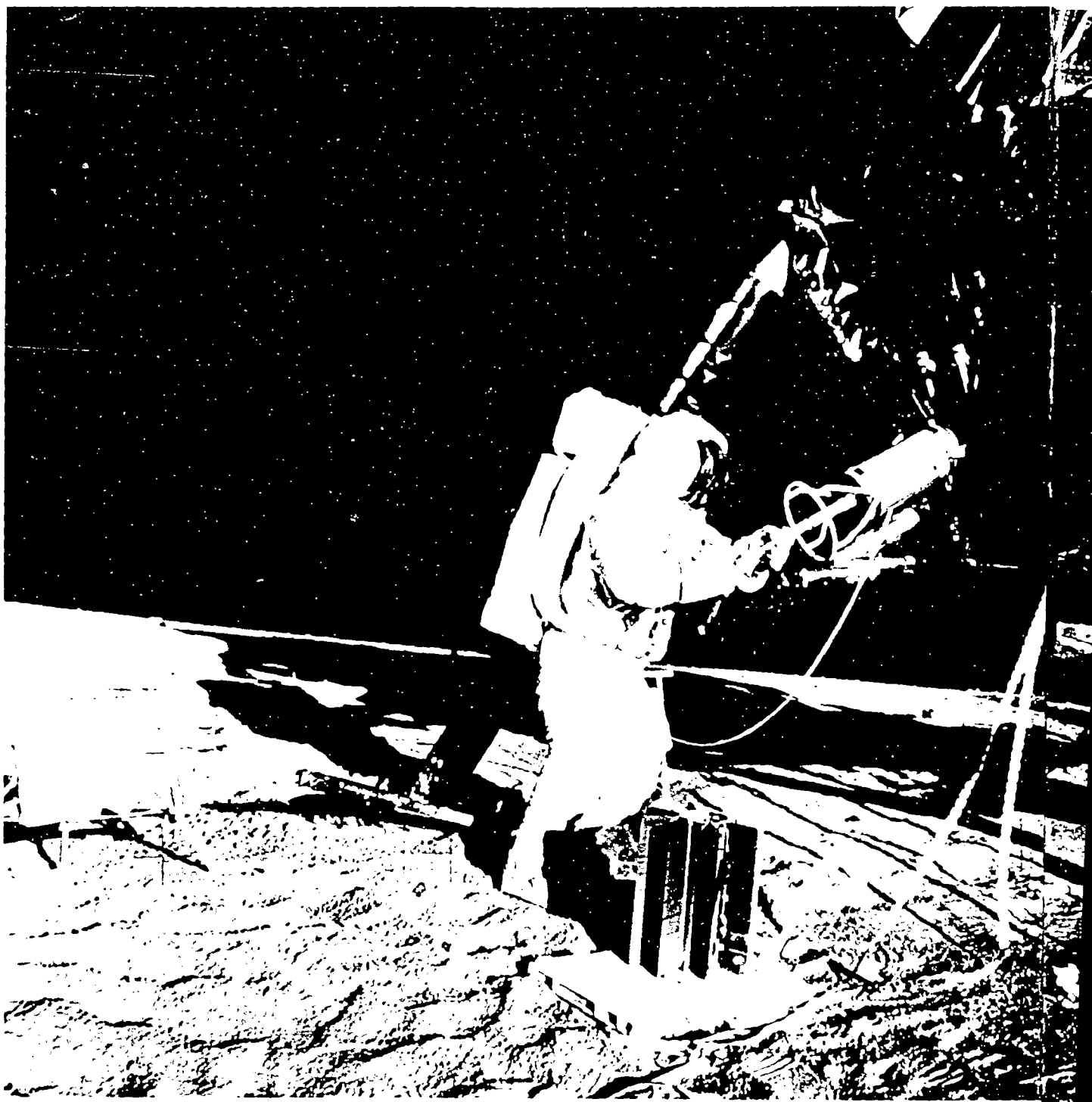
By spending more than \$2.4 billion on plant and equipment over the past five years we have greatly increased our capability for improving productivity and our capacity to serve these larger markets. With our expanded facilities already contributing to increased sales, we are in a position to realize their full contribution toward earnings growth.

Our established core businesses showed their capability for strong, profitable performance in the opening quarters of 1969. And the year brought continued improvement for our ventures in new technologies, including information systems, nuclear power and commercial aviation.

As the U.S. economy moves toward its great potentials in this new decade, we look forward to a period of sustained profitable growth for General Electric.



Chairman of the Board
February 19, 1970



On the moon, Apollo 12 astronaut Alan Bean prepares to activate GE-developed SNAP-27, a radioisotope generator to power experiments.

Review of 1969 Operations



History will record 1969 as the year when man first set foot on the moon.

General Electric's history will note that the Company was one of the prime contractors supporting the Apollo mission. In this role the Company was responsible for the overall reliability and quality, the overall systems engineering support, the overall checkout equipment and systems, the captive firing and test of the Saturn launch vehicles, and the system for ship-to-satellite color television transmission of Apollo splashdowns. In addition to these responsibilities, the nuclear electrical power generator for Apollo 12, shown at left, was developed and furnished by General Electric.

The range of other General Electric contributions extended to the silicone rubber forming the soles of the astronauts' boots and the tough glass-clear G.E. Lexan® plastic used in their helmets.

GE monograms could be found on big specially designed motors helping to power the aiming tower at Cape Kennedy, on huge-scale GE-635 computers continuously checking and re-checking 3,000 critical valves and gauges prior to lift-off, and on special lamps to illuminate spacecraft instrument panels.

Following Apollo 11's return, the General Electric Research and Development Center conducted scientific studies of moon rock samples.

All in all, no less than 37 General Electric operations, directly involving more than 6,000 employees, contributed to the vast industrial team effort that supported man's first moon step.

These Apollo developments have more than a topical significance. They reflect the fact that in a time of accelerating technological progress, General Electric has the highly skilled people, laboratories, facilities and tradition for continuing leadership in many of today's most advanced technologies.

For GE the dark side of Apollo's year was the first strike in 23 years affecting a high percentage of U.S. operations.

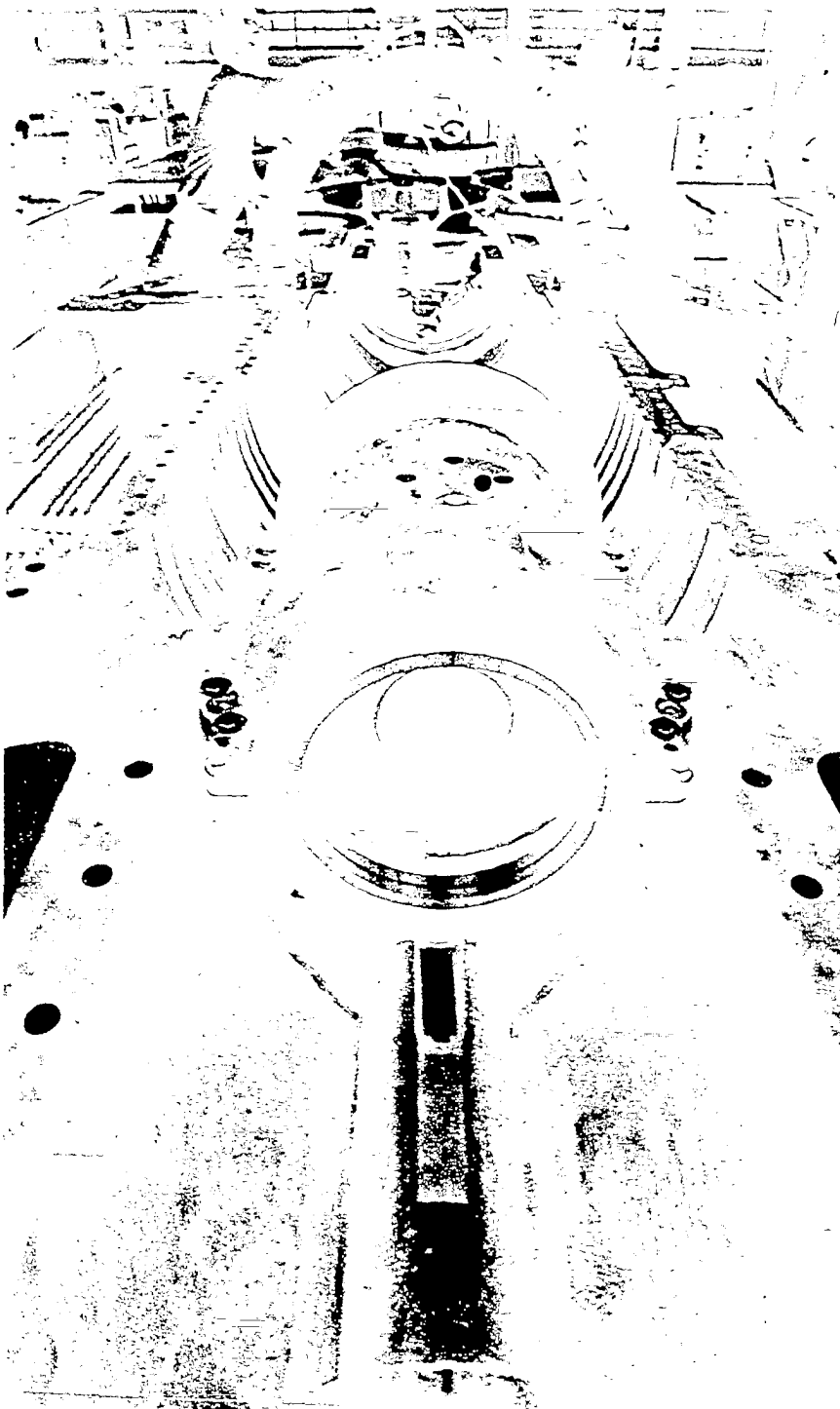
The strike's overall effects on the business are discussed by the Chairman on page 3. In terms of specific operations the effects were uneven. A number of domestic plants, as well as all international facilities, remained in operation. At many facilities, employees shifted from their normal work to keep vital operations going. But with production severely limited at a majority of the Company's plants, including such large centers as Schenectady, N.Y., Louisville, Ky., Lynn, Mass., Erie, Pa., and Ft. Wayne, Ind., overall production dropped significantly below pre-strike levels.

As a result, many operations were prevented from continuing the profitable results achieved through the first three quarters of 1969. They entered 1970 faced with the substantial extra costs of getting back into production and balancing inventory levels, and with the ongoing burden of increased labor costs.

Despite the strike and an uncertain short-term economic outlook, the year was one of massive preparation by the Company.

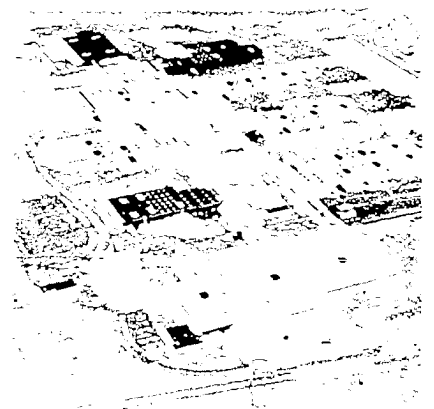
Expenditures for plant and equipment additions were at the half-billion dollar level for the fourth year in a row. A number of new major facilities came into production. Other large construction projects were under way.

In their expansion of facilities, GE managers were looking beyond short-term prospects for a slowdown of the U.S. economy. Their longer-term focus was on the profitable growth markets of the 1970s. Population increases, the sharp rise in the younger age groups that form the largest markets for many GE consumer goods, the increasing number of family formations, industry's drive for greater efficiencies, and the steady climb in per-capita consumption of electricity—all spell op-

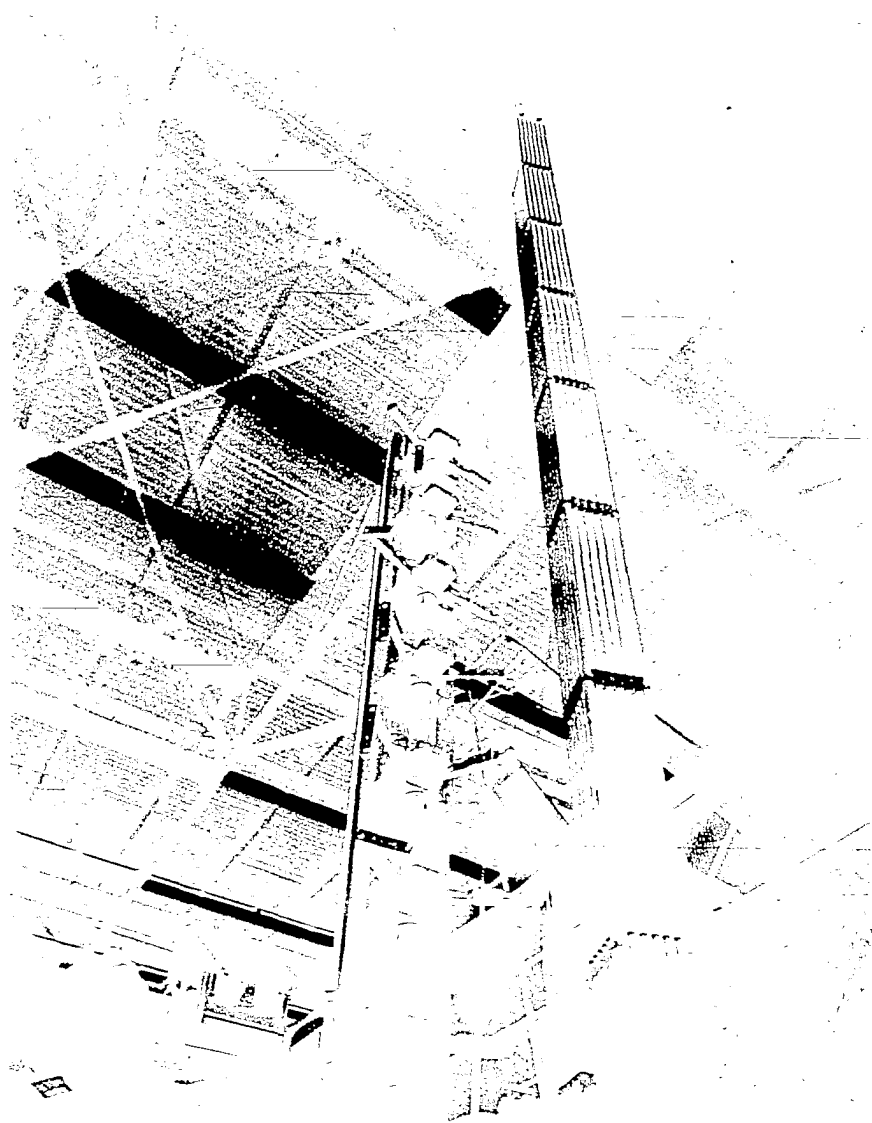


portunity for GE earnings growth in the decade ahead. And important new markets are developing for the Company as electrical technologies increasingly are brought to bear on many urban problems, including transportation, education, health care and environmental control.

General Electric's investments in facilities have a meaning for share owners beyond the enlargement of capacity. The Company's manufacturing specialists have incorporated sophisticated systems for increasing efficiency and reducing costs. For instance, General Electric numerical control equipment used in the new turbine facility at Charleston, S.C., provides a substantial increase in productivity over conventional machine tool controls. Another example is new laser beam equipment to align machine tools and turbine components. Thus the Company's capital investments have a direct bearing on future earnings for share owners.

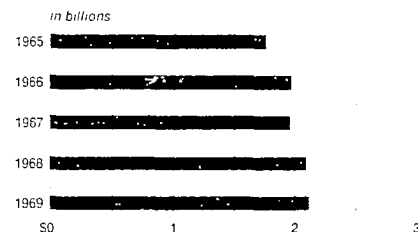


New manufacturing capacity for the '70s: (left) production at the Company's new gas turbine plant in Greenville, S. C.; (above) model of Appliance Park-East in Columbia, Md., showing the vast scale of complex to be built during the '70s; and (right) nuclear fuel rods in production at new Wilmington, N. C., facility.



The following review covers the four major classes of General Electric products and services—consumer, light industrial, heavy capital, and aerospace and defense.

Consumer Sales



Consumer sales of \$2.1 billion represented 25% of total GE sales for 1969.

Despite a general slackening in the pace of the U.S. economy, consumers' demand for electrical products was strong in 1969. The appliance industry's production ran ahead of '68 levels both in dollar value and in units produced. However, industry sales of television sets weakened, particularly during the second half of the year.

Sales of General Electric and Hotpoint appliances rose to a new record in 1969.

The sustained demand for the Company's appliance lines during the first three quarters of the year, plus the efforts of many non-striking employees throughout the strike period, brought sales to an all-time high. Largest gains were realized in air conditioning and refrigeration.

Two major new construction projects were started by the Company in preparation for the larger appliance markets expected in the '70s. At the new city of Columbia, Md., work was begun on Appliance Park-East which, when completed within the next decade, will rival Louisville's Appliance Park.

A range manufacturing facility is expected to be in production at Appliance Park-East early in 1971, and construction will be started on a room air conditioner plant. Six additional factories are planned for the site in the years ahead.



Products for young America: hair dryer, powered manicure set, lighted make-up mirror, hairsetter, portable electronic entertainment.

The new Park will also include a warehouse which will become part of a new regional warehouse network to improve service to franchised retail dealers and other customers. The network includes a recently leased 500,000-square-foot warehouse near Atlanta, Ga.

Ground was broken in Louisville for a new Applied Research and Design Center. The structure will house six laboratories and the industrial design staff. It will develop new materials and processes for General Electric appliances.

GE side-by-side refrigerator-freezers now have through-the-door dispensers of crushed ice as well as cubes and ice water, and Hotpoint has added through-the-door exterior ice cube service. Clothes-washer capacities were increased and a new Power-Scrub® dishwasher with an extended cycle for cleaning cooking utensils was introduced during the year.



Quality controls for GE color TV tubes include near-surgical cleanliness.

In television production, General Electric is realizing greater vertical integration and control of quality through the manufacture of its own color picture tubes.

To aid consumers, the Company has simplified its warranties and has added information labels to most appliances, helping consumers make better choices by

themselves on the retail floor. And General Electric's lead in factory appliance service was strengthened by further improvement in shop facilities and expansion of service to new markets. More than 2,000 radio-dispatched trucks serve 79 major market areas.

In consumer electronics, General Electric maintained industry leadership in portable phonographs, youth electronics and radio receivers.

During the year, 39 new home entertainment products were introduced, as was a new process for the manufacture of polystyrene Acoustaflex® console stereo phonograph cabinets that resemble wood (photo on page 31).

To strengthen its radio business, General Electric is supplementing U.S. output with production of portable units and components in the Far East.

During 1969, the Company began deliveries of its large-screen video projector which can display color TV pictures up to 20 feet wide. These superior General Electric units are finding widespread application in broadcasting, education, military training and industrial use.

In broadcast equipment, a new solid-state transmitter and program switcher were introduced, building General Electric's position in the important area of broadcast station automation.

The General Electric Broadcasting Company realized a record year in revenues from its six radio and three TV stations.

The General Electric Cablevision Corporation completed two new systems in California communities. Two Mississippi systems extensively damaged by Hurricane Camille are being rebuilt.

Electrical housewares, once largely confined to the kitchen, further penetrated to all parts of the home in 1969.

A new line of humidifiers was introduced, supplementing General Electric's other environmental control devices such

as heaters and dehumidifiers. And adding to the Company's wide range of personal care products are a new lighted make-up mirror and a dental irrigating device.

Sales growth is being stimulated by the trend to multiple purchases within a household of such products as clocks, fans, handdryers and hairsetters. New features and brighter colors are adding appeal to established products including General Electric irons, coffee makers, toasters, skillets and vacuum cleaners.

Innovations improve products: a "programmed" alarm clock rings at a set time each morning except on days when it is pre-instructed not to ring.

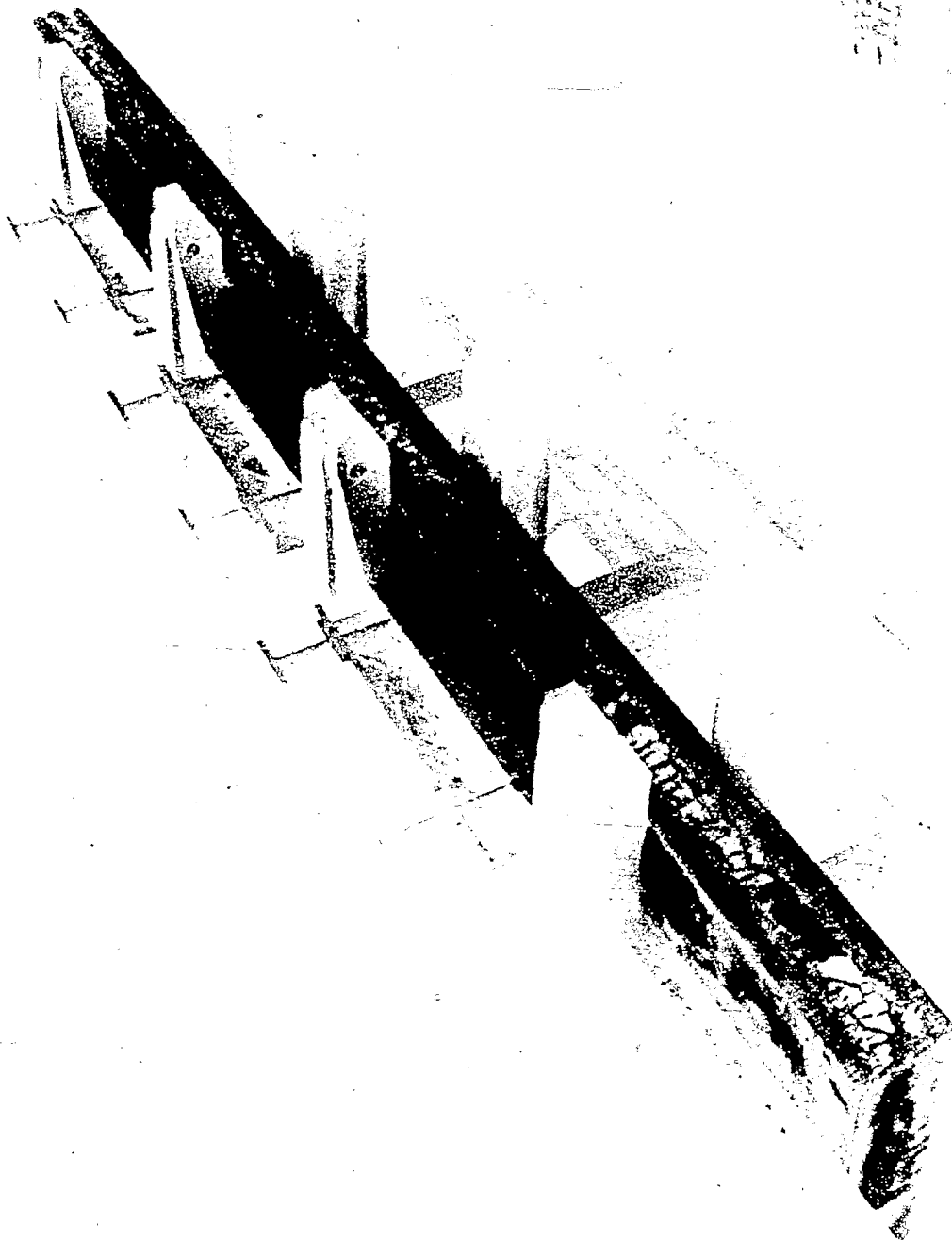
Sales of the separate "Universal by General Electric" housewares increased and the list of offerings was broadened.

General Electric's lamp business marked the industry's ninetieth year by expanding for further growth.

Among the plant expansion projects launched during the year was a new plant at Ravenna, Ohio, to provide added capacity for the Company's business in high-intensity Lucalox® lamps. Applications such as the roadway lighting pictured on this report's cover have made these highly efficient lamps the fastest-growing sector of the lamp industry.

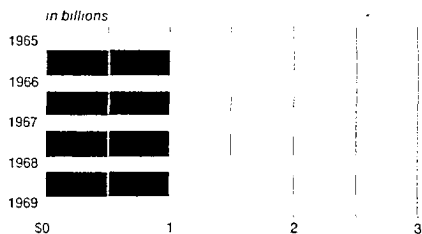


Science class views 20-ft. pictures from General Electric video projector.



GE automation systems control this steel mill's new operations from basic oxygen furnaces to continuous casting and slab heating.

Light Industrial Sales



Industry continued to be General Electric's largest customer, with output of light industrial products rising to nearly \$2.7 billion—32% of the Company's 1969 sales.

This class of products and services covers a very broad range, including automation systems, communications equipment, small electric motors and controls, chemical and metallurgical products, computers and medical systems.

Markets continued mixed for GE businesses serving automation needs.

While sales and orders of industrial drive systems were off, industry efforts to offset rising costs continued to stimulate markets for advanced automation systems. General Electric's ability to serve these markets is exemplified by the computerized drive and control systems applied to the new, advanced steel making facility of McLouth Steel Corporation. With the 1969 completion of GE systems for their new continuous slab casting and induction reheat facilities, the plant has used GE motors, solid-state circuit breakers, power supplies and computer controls to achieve completely integrated control of its steel production facilities.

Sales of communication products were particularly strong in 1969, benefiting in part from the drive of geographically dispersed companies to install their own private communications networks. One of the most sophisticated electric power control systems, using a GE process computer and microwave telecommunications equipment, automatically controls 33 generating units of five New England utilities

forming a single power pool.

TermiNet®, a new GE data communications printer that sets new industry standards for speed and quietness, was introduced during the year.

Sales to customers in industry are backed by an industrial sales organization which coordinates the selling of products from many GE operations. Its staff also includes over 3,900 skilled service technicians in 78 service shops and 2,200 employees in worldwide installation and service engineering activities.

For General Electric components and materials businesses, 1969 was a year of good increases in sales and orders.

Big markets for air conditioners and other appliances meant heavy production for the Company's businesses in supplying components such as small motors to many manufacturers.

Similarly, the metal-working industry's busy year meant growth in sales of cutting edges formed from GE Carboloy® cemented tungsten carbides.



Borazon® abrasive, a diamond-like material for grinding of tool steel.

Production of the GE Man-Made® diamond abrasives was expanded substantially in the new Worthington, Ohio, plant. A new market, grinding of tool steel, was opened up by the commercial in-

roduction of Borazon abrasive, a product growing out of General Electric's research in high-pressure technology.

Increases in sales of capacitors, rechargeable batteries and semiconductors were partially offset by a decline in sales of conventional electronic vacuum tubes. General Electric launched a new development effort to step up participation in the integrated circuits business, spearheaded by the Company's Research and Development Center.

GE chemical products had another growth year. The Company now manufactures over 1,000 different silicone products. A fast-developing new business is in silicone rubber for molds used in casting "wood-like" plastic furniture parts and home decorations.

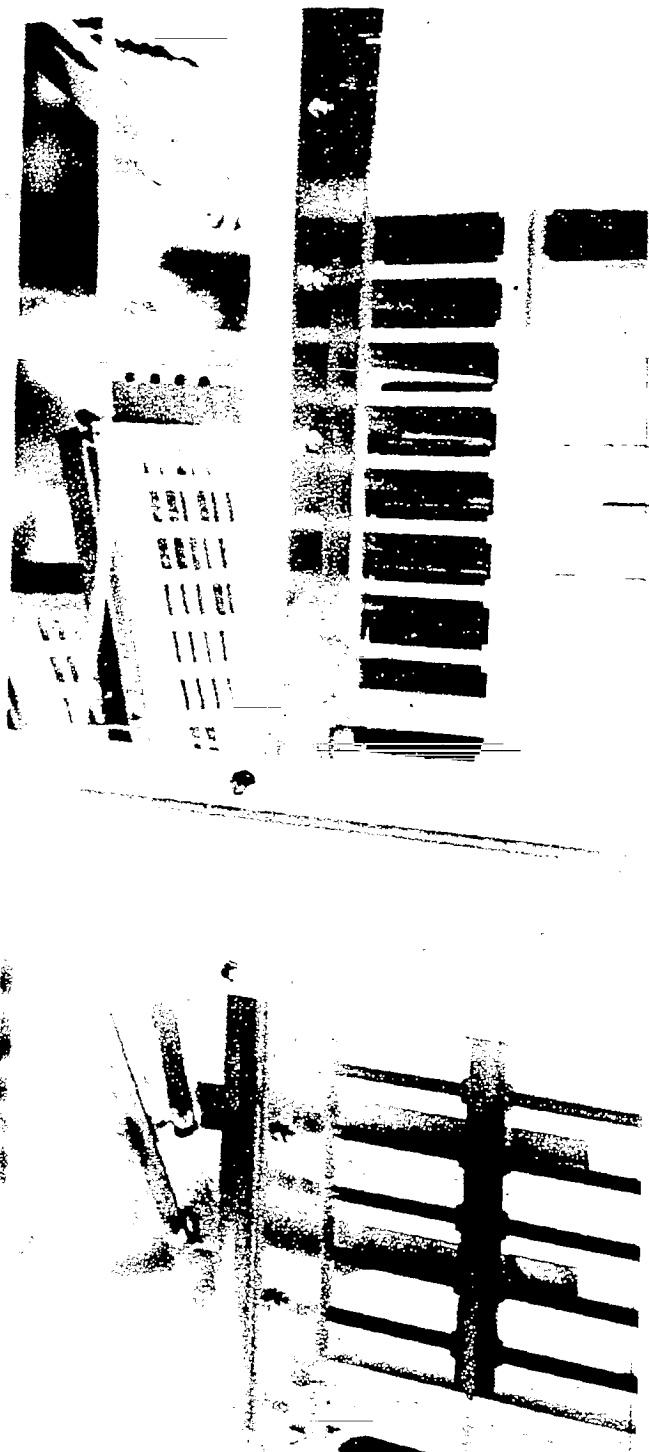
The Company's engineering plastics such as Lexan®, Noryl® and GENAL® gained new applications and markets, particularly for replacement of metal where these polymers can do a better job and at lower cost. Planned expansion of Mount Vernon, Ind., facilities will double the capacity for producing Lexan molding resins. Sales of these materials increased substantially in Europe and Japan; and agreement was reached for the Company to become sole owner of its Dutch affiliate, General Electric Plastics, N.V.

GE information systems businesses concluded their best year yet in orders received, shipments and backlogs.

These businesses continue to face formidable competition and substantial capital requirements. However, 1969 was a year of encouraging progress.

Installed value of GE information systems equipment increased to a total of \$1.3 billion on a worldwide basis. The Company held its modest share of U.S. and overseas computer markets that form one of the world's fastest growing industries.

GE international computer affiliates—Bull-General Electric in France, GE



Advanced computer development: work on GE-655 large-scale computer at Phoenix, Arizona.

Information Systems Italia in Italy, and G.E.I.S. Ltd., in the United Kingdom—led the year's gains, which were also shared in by U.S. equipment operations.

The new GE-655 computer was announced, the most powerful member of the large-scale GE-600 line. This family of GE computers had its best year in shipments and orders. The medium-scale GE-400 line experienced record orders in Europe and continued success in the U.S. The GE-50 and GE-100 small-scale systems increased their worldwide acceptance, with almost 3,000 systems installed or on order.

General Electric's time-sharing business continued to be a world leader in its field and represents a rapidly growing portion of the Company's information systems business.

Good markets, plus an increasing percentage of construction dollars going to electrical products, enabled GE construction industries businesses to increase sales in 1969.

General Electric provides a range of products that form the "electrical backbone" of construction. These products met high levels of demand through most of 1969 when commercial and industrial construction remained strong despite U.S. tight money policies. GE businesses were also helped by the fact that electrical content of construction continued to rise, reaching nearly 12% in 1969, double the 1918 percentage.

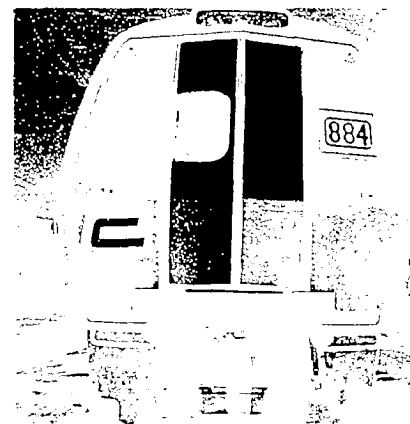
A significant development for these products has been the completion of the first domestic production-size installation of a Research and Development Center invention called the Copper Dip Form process, which eliminates one complete step in making copper rod and wire.

A high-current laboratory was completed at Bloomington, Ill., to test new electrical distribution controls for the vastly increased amounts of current that will be supplied to factories of the '70s.

A number of GE products and developments contribute to better services for communities.

With urban transit systems receiving renewed public interest—and funds—General Electric in 1969 demonstrated its capability by supplying propulsion and control equipment for the first automated U.S. rapid transit line, between Philadelphia, Pa., and Lindenwold, N. J.

The Penn Central Metroliners powered and controlled by GE equipment proved themselves in their first year of high-speed service. Despite some introductory problems, the Metroliners contributed to a substantial increase in rail passenger travel between New York and Washington, D.C.



GE-equipped Metroliners traveled over two million high-speed car miles in 1969.

The Metroliners are also equipped with GE mobile telephones—one of many growing uses of the Company's communications equipment that led to formation of a new Communication Systems Division.

The former X-Ray Department became the Medical Systems Department, reflecting General Electric's drive to build on its long-established x-ray business and pursue expanding opportunities in the health care field. The year saw the introduction of a new cordless, mobile battery-powered x-ray unit for use in established medical facilities or for emergency service. The

Company is also supplying multi-bed monitoring systems for coronary and intensive care hospital wards.

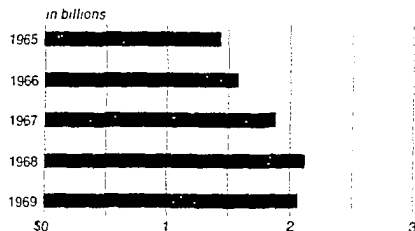
New GE developments are aiming at the market opportunities generated by growing concern about pollution.

A 1969 example: a new type of high-temperature vortex incinerator to dispose of solid wastes without polluting the water or air. A full-scale prototype unit was completed and tested in Shelbyville, Ind.

Also, a new GE vertical aerator pump motor was introduced. It is specially designed to operate under a wide range of temperature and moisture conditions in water and waste treatment plants.

And two GE/PAC® process computers installed in an automobile manufacturer's carburetor production facility automatically test and adjust carburetors to meet rigid anti-pollution standards.

Heavy Capital Sales



Heavy capital goods shipments exceeded \$2 billion—24% of 1969 sales.

Included are sales of heavy electric power equipment, large industrial motors, locomotives, ship propulsion turbines and commercial jet engines.

General Electric's backlog for large steam turbine-generators set an all-time high.

Despite the strike at the Schenectady plant, nearly 11 million kilowatts of large steam turbine-generator capacity were shipped. Included was a 1,098,400-kilowatt unit, destined to be the world's largest-capacity nuclear turbine-generator when it goes into service in 1970.

General Electric maintained its lead in

winning new orders for this equipment. The orders backlog, most of which is scheduled to be shipped by the end of 1974, reached 91 million kilowatts—greater than the total shipped over the preceding 13 years.

Orders of small and medium-sized power generator units moved to record levels. Gas turbines in particular met heavy demand as power sources that can be quickly installed. The largest single 1969 order was for 32 heavy-duty gas turbine units to be mounted on barges and located in waterways around New York harbor to help meet rising power requirements.

For General Electric's nuclear power business 1969 was a year of progress.

The main 1969 push was to complete the unprofitable "turnkey" projects accepted at a time when this new technology needed the stimulus of contracts for delivery of complete plants.

Two of the 11 GE turnkey projects have now been completed and turned over to customers—Jersey Central's Oyster Creek plant and the Tarapur plant in India. At year-end, Japan's Tsuruga facility and Commonwealth Edison's Dresden 2 were nearing completion. These two plants plus three additional turnkey projects are scheduled to be turned over to customers during 1970. Thus 7 of the 11 are scheduled for completion by year-end.

Because of delays in pressure-vessel deliveries, difficulties in getting skilled labor, changes in licensing requirements during construction, escalating construction costs and other problems, costs on the total turnkey projects are proving to be higher than those estimated in 1968. As these projects advanced significantly toward completion, more accurate estimates of their total overall costs became possible. It was, therefore, necessary in 1969 to make additional provisions for the estimated remaining excess of costs over contract selling prices.

Four new domestic orders and two overseas orders received during 1969 brought to 50 the total number of GE-supplied nuclear power producing plants completed or on order.

To facilitate work on the order backlog of over \$2 billion and the renewed ordering cycle expected in the '70s, the Company completed a reactor equipment and fuel manufacturing complex at Wilmington, N.C. Construction of a plant at Morris, Ill., to recover reusable portions of nuclear fuel was on schedule.

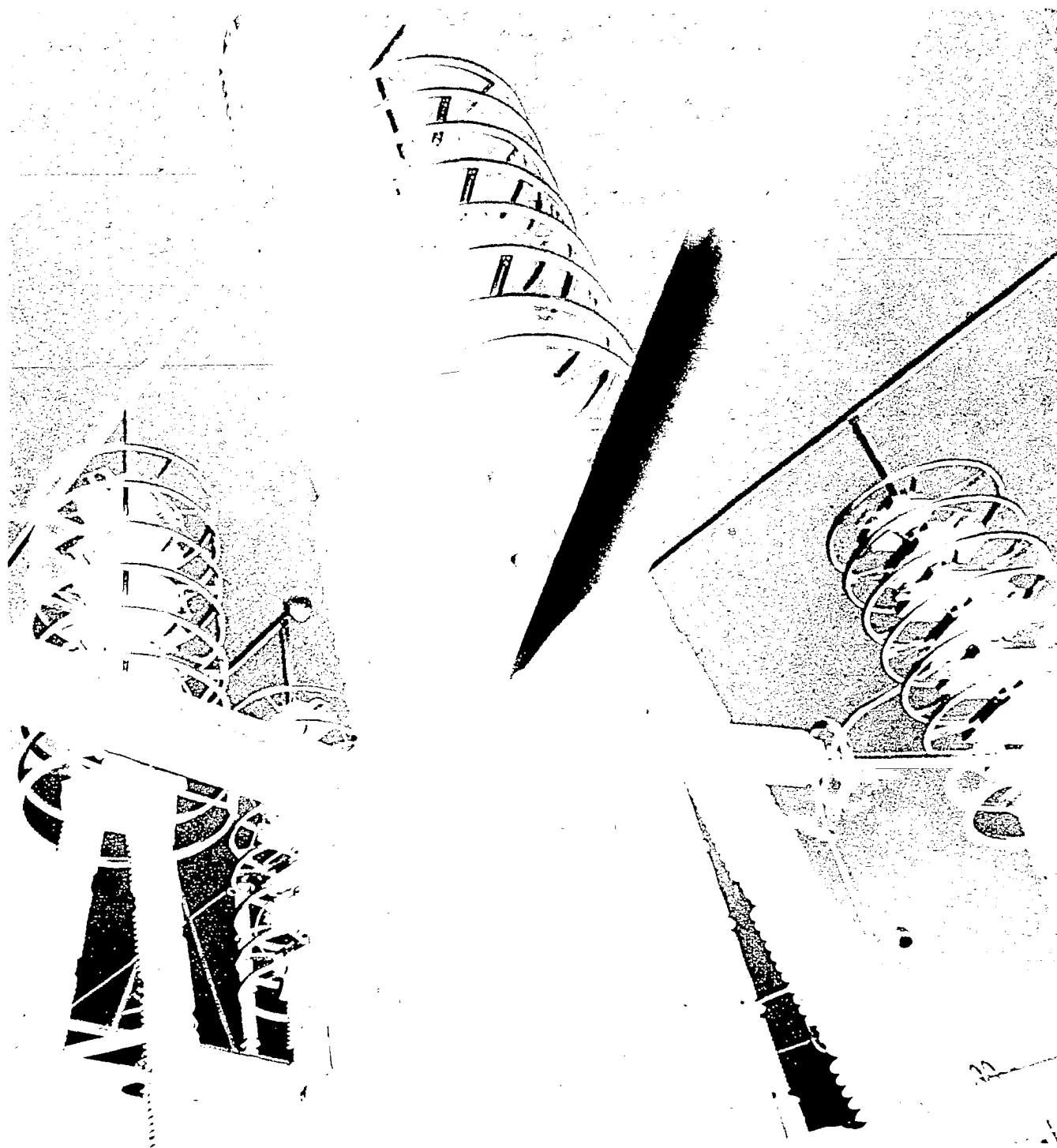
Important to the future of nuclear power, General Electric completed and placed into operation SEFOR, a developmental fast-breeder reactor owned by Southwest Atomic Energy Associates.

Construction by Canadian General Electric of a facility designed to produce 400 tons of heavy water annually for atomic power plants is nearing completion. The total output will be purchased by Atomic Energy of Canada, Ltd.

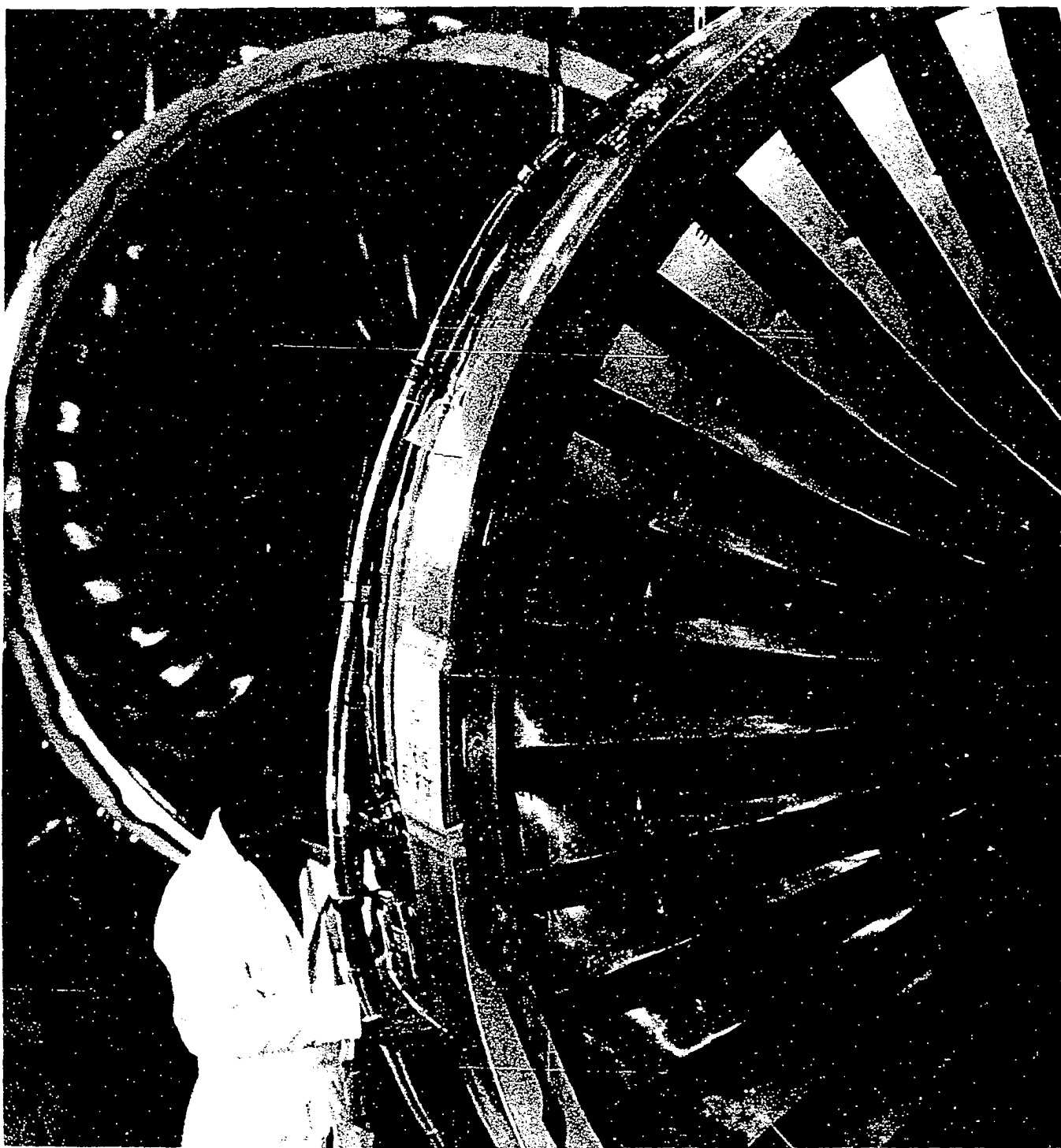
Utilities' emphasis on building their generating capacity brought a temporary pause in the upward trend of expenditures for power transmission and distribution.

General Electric managers used the slowing as a period to prepare for two main needs of utilities in the '70s: greater power delivery capacity and new ways to meet social, environmental and technological changes.

One important innovation in power transmission on which the Company is working derives from the oldest usable form of electricity—direct current. High-voltage direct-current (HVDC) offers more reliable and economical transmission of huge blocks of power both for long distances overhead and for shorter distances underground or underwater. Late in 1969 the first major U.S. HVDC project, linking Oregon and Southern California, was in the final testing stages prior to commercial operation.



GE high-voltage direct-current equipment—a breakthrough in more economical power transmission.



For tomorrow's DC-10 tri-jet airliner, power from General Electric CF6 engines.

Canadian General Electric won an order for a second generation HVDC terminal which will use new GE-developed solid-state techniques to interconnect two non-synchronous Canadian power transmission systems.

To supply utilities with less conspicuous power delivery equipment, the Company offered several new subsurface and low-profile transformers and switchgear. A Shreveport, La., plant, now under construction, will increase GE's ability to supply transformers for the growing underground distribution market.

Power for transportation is supplied by GE locomotives and ship propulsion turbines.

As a supplier of locomotives, the Company had a strong year of shipments, particularly in heavy-duty freight engines and export units. A more powerful diesel-electric locomotive, producing 3,300 horsepower, was introduced.

GE-gearied steam turbine propulsion for ships has, by demonstrating dependable and economical performance, led this form of propulsion in capturing higher percentages of marine markets. GE steam turbine units are powering a new series of supertankers, rated as the most efficient merchant ships, and they will also power eight new container ships which will be the world's fastest.

Commercial aviation engines represent a major GE investment in future growth.

In 1969 the Company greatly strengthened its role as a supplier of engines for new commercial aircraft. The GE-powered McDonnell Douglas DC-10 won an international order for long-range aircraft from four European airlines and an additional domestic order for shorter-range planes. Also, two large charter carriers selected the three-engine GE-powered jet. By year's end, nine airlines had 173 GE-equipped DC-10's on order or option for a total of some 700 GE CF6 engines.

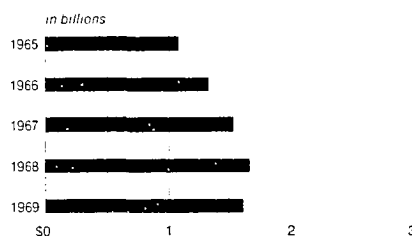
To combat jet smoke and noise pollu-

tion, General Electric's CF6 engine is virtually smoke-free and quieter than jet engines of the '60s, even though the CF6's are more than twice as powerful.

In another major breakthrough, the General Electric CF6-50A engine was selected for the twin-engine A-300B airbus being developed by a French-German-British consortium.

For the U.S. supersonic transport, a key to U.S. leadership in world aviation, GE continued its development work on the GE1, the most powerful aircraft engines ever developed.

Aerospace & Defense Sales



Aerospace and defense products and services in 1969 declined slightly to \$1.6 billion, or 19% of total General Electric sales.

The Company's scientific, technological and special manufacturing skills were applied during 1969 to meet the U.S. Government's needs for military aircraft engines, space systems, radar, sonar and other equipment.

GE capability for contributing to advanced developments for the nation's security and space exploration programs was recognized by substantial contracts from the Department of Defense and the National Aeronautics and Space Administration. General Electric maintained a steady share of defense and space work within the range of its capability and interest.

The Company's 1969 sales in this sector fell slightly below last year's high levels for several reasons. The strike delayed fourth-quarter shipments, particularly of jet engines and electronics equipment.

The maturing of the Apollo program involved cutbacks in employment. Substantial reductions in Federal defense spending and a reappraisal of defense programs brought cancellation of two projects—the Manned Orbiting Laboratory and the Cheyenne helicopter—in which the Company was heavily involved. General Electric was officially advised that its performance was outstanding and not a factor in either cancellation.

While future levels of GE aerospace and defense work are directly linked to national policies and requirements, the dominant share of the Company's efforts continue to be in high-technology projects meeting longer-term needs.

For GE military jet engines, the year's biggest newsmaker was the Air Force's C-5 Galaxy, the world's largest airplane.

The Company shipped a total of 133 TF39 engines for the C-5 in 1969. The aircraft has demonstrated record lift capabilities that could change U.S. military logistics planning.

The GE J79, J85, T58 and T64 engines, each introduced a number of years ago, are finding sustaining applications. F-4 aircraft for West Germany, for instance, are helping extend J79 production.

A new engine, the TF31 for the Navy's newest S-3 anti-submarine aircraft, passed its initial tests in 1969. On the international scene, an advanced engine is being tested for a next-generation "Freedom Fighter" proposed for use by many nations of the Free World.

General Electric is one of two competitors for engines to power the important new F-14B and F-15 fighters.

And GE engines showed new potential as marine power plants. A GE LM2500 was installed on a merchant ship for competitive tests of its seaworthiness. The engine is in competition for application as part of the gas turbine power plant for the DD963 Navy destroyer program.

The Company's 1969 space projects included work on major satellites.

Improved knowledge of the weather resulted from the Nimbus weather surveillance satellite developed by General Electric. The Astronomy Satellite is giving man his newest look at the stars. And the Biosatellite conducted successful biological experiments.

For the Viking program to land a spacecraft on Mars in 1976, the Company was selected to provide overall technical and systems management support.

General Electric's work on aerospace projects for national security ranged from aircraft control systems to complex equipment and systems for space missions. The Company is participating as a prime contractor in the Air Force's Minuteman defense project.

GE space technology is being applied to other fields. In oceanography, the Company developed the undersea laboratory for the successful Tektite I project, in which aquanauts spent two months underseas. The program is now entering its second phase of exploration. Other space "spin-offs" are being applied to health diagnosis, artificial respirators, laser systems for air pollution detection and a new technology for mass-producing good quality houses for the Department of Defense and the Department of Housing and Urban Development.

Formation of a new International Group emphasizes the importance placed by the Company on worldwide operations.

Encompassing over 100 consolidated affiliates and some 70 manufacturing operations outside the U.S. and Puerto Rico, General Electric's worldwide businesses span the major classes of products and services discussed in the preceding pages.

With many overseas markets growing faster than those in the U.S., the Company is seeking to profit from this growth through a combination of manufacturing,

joint ventures, exports, licensing and investments. Some notable 1969 examples:

- Canadian General Electric raised sales 8% to \$455 million.
- Sales by other consolidated overseas affiliates rose 6% to \$840 million.
- Export sales were \$515 million, 2% above 1968 levels, even though certain shipments were delayed by the strike. These exports made a significant contribution to the U.S. balance of payments.

Among the major industrial projects recently completed by General Electric were a fully automated hot strip mill in the Netherlands, the first integrated steel mill in the Philippines and an advanced automated cement mill in Europe.

In line with changing market opportunities the Company made adjustments in its European operations that included the exchange of its interests in consumer electronics businesses in Germany and Italy for additional ownership shares in the German electrical firm, AEG.

General Electric expects further profitable growth in exports and sales by overseas affiliates through utilizing diverse strategies for different countries, industries and products.

GE research and development activities were maintained at high levels.

One measure of the scale of GE advanced development is the fact that over 17,000 employees holding college technical degrees were at work in research, development and engineering. In addition to the Company-wide Research and Development Center and the Manufacturing Laboratory, both in Schenectady, N.Y., more than 100 other Company laboratories worked in association with business operations during the year. Over 1,000 GE inventions were patented.

Completed in 1969 was pre-production development work on the Elec-Trak® homegarden tractor, powered by rechargeable batteries, to be test-marketed in 1970.

Worldwide employment by General Electric averaged over 400,000 in 1969. A new 40-month program was adopted for U. S. operations.

New contracts with major unions extend until May 26, 1973, and include the following:

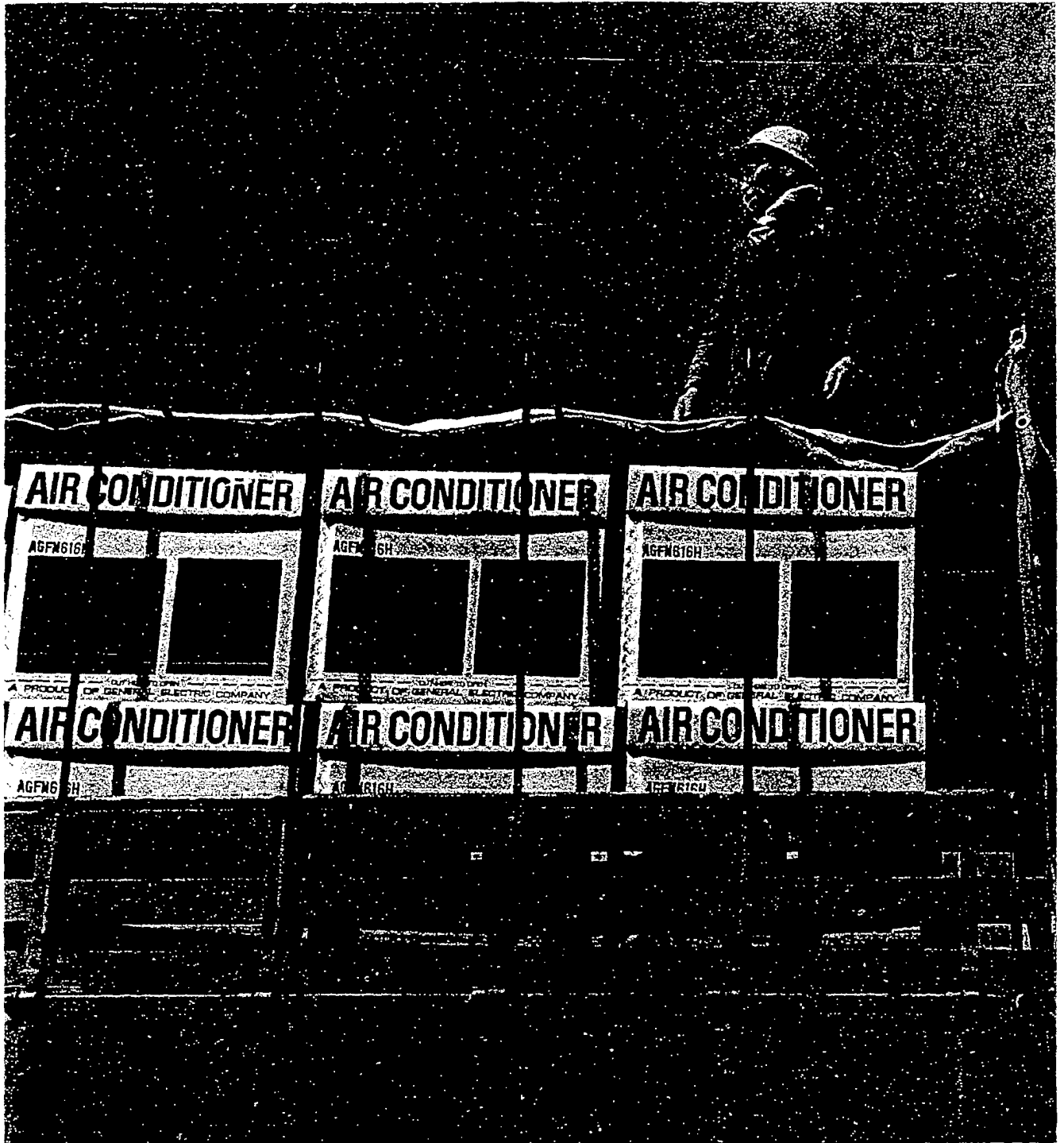
- General wage increases of 20 cents in the first year; 15 cents coming 13 months later; and another 15 cents coming 14 months after that.
- Immediate cost-of-living adjustments of three cents per hour, plus three further adjustments in October 1970, 1971 and 1972 of one cent per hour for each full 0.3% of increase in the Consumer Price Index during the preceding year. Maximum adjustment in any year is eight cents, and the immediate three-cent increase is included in the eight-cent maximum cost of living adjustment for 1970.
- Special increases of 5 to 25 cents per hour for high-skill employees.
- Major improvements in employee benefit plans, including higher pension minimums, survivor benefits, a number of insurance improvements including full hospital benefits for 365 days and noncontributory employee insurance, improved vacations, sick pay for hourly employees and new training programs.

General Electric authorized contributions of \$3.3 million for support of U. S. education.

Also, the General Electric Foundation, a trust established by the Company in 1952, contributed \$1.4 million to more than 770 educational institutions in 1969.

In memory of Gerald L. Phillippe, former Chairman of the Board, the Foundation created new annual awards to honor employees for outstanding leadership and accomplishment in the area of public service. And the Foundation made a five-year grant to Princeton University to underwrite a Gerald L. Phillippe Professorship for studies of urban problems.

The Foundation's annual report is available on request.



General Aircon, Ltd., a joint venture manufacturing air conditioners in Japan, also markets units made in U.S.

1969 Financial Summary

This summary comments on significant items in the consolidated financial statements on pages 21 and 22, generally in the same order as they appear in those statements. The accounting principles followed with respect to certain items appear in bold face type.

The consolidated financial statements and accompanying schedules in this report include a consolidation of the accounts of the parent—General Electric Company—and those of all majority-owned affiliates (except finance affiliates whose operations are not similar to those of the consolidated group). All significant intercompany items have been eliminated from the consolidated statements.

Except for fixed assets and accumulated depreciation relating thereto, assets and liabilities of foreign affiliates have been translated into U.S. dollars at year-end exchange rates, and income and expense items have been translated at average rates prevailing during the year. Fixed assets and accumulated depreciation have been translated at rates in effect at dates of acquisition of the assets.

Net earnings include the net income of finance affiliates and the consolidated group's share of earnings of associated companies which were not consolidated but in which the group owned approximately 50% of the voting stock.

During 1969, net earnings amounted to \$278.0 million compared with prior year earnings of \$357.1 million. As discussed on page 3, a major strike had an adverse impact on 1969 results of U.S. operations. Earnings per share were \$3.07 in 1969. Any dilution of earnings per share resulting from the potential exercise of such items as stock options and convertible debt outstanding would be insignificant.

Sales of products and services to customers are reported in operating results only as title to products and materials passes to the customer and as services are performed as contracted.

During 1969, sales totaled \$8,448.0 million, an increase of 1% over the 1968 record level. Sales in each of the Company's four major classes of products and services are discussed on pages 4 through 19 of this report.

Other income amounted to \$98.7 million in 1969, an increase of \$12.4 million over 1968. Significant items in other income are shown in the right margin. Financial statements for General Electric Credit Corporation are shown on page 27.

Costs are classified in the consolidated statement of current earnings according to the principal types of costs incurred. Costs, classified as they were deducted from income, are shown in the tabulation to the right.

Employee compensation, including the Company cost of employee benefits, rose to a record level of \$3,510.8 million in 1969.

The Company and its affiliates have a number of pension plans. Substantially all employees in the United States who have completed one year of service are participating in the General Electric Pension Plan, the obligations of which are funded through the General Electric Pension Trust.

The funding program in effect since 1967 uses 6% as the estimated rate of future earnings on Pension Trust assets. This rate is based on the Trust's current and projected investment experience and contemplates the systematic recognition of the portion of the unrealized appreciation in the common stock portfolio which it is conservatively estimated will be available for the payment of pension benefits. In no event, however, will appreciation be recognized if the resulting book value of equity securities exceeds 75% of their average market value during the current and two

(continued on page 23)

Other Income	(In millions)	
	1969	1968
Net earnings of General Electric Credit Corp.	\$15.2	\$15.4
Income from:		
Customer financing	26.5	20.2
Royalty and technical agreements	18.5	17.5
Marketable securities and bank deposits	12.3	9.6
Miscellaneous investments	10.7	8.2
Other sundry income	15.5	15.4
	<u>\$98.7</u>	<u>\$86.3</u>

Costs	(In millions)	
	1969	1968
Cost of goods sold	\$6,346.1	\$6,251.7
Selling, general and administrative expenses	1,615.3	1,482.1
Interest and other financial charges	78.1	70.5
Provision for income taxes	231.5	312.3
	<u>\$8,271.0</u>	<u>\$8,116.6</u>

Consolidated Statement of Current and Retained Earnings

General Electric Company and consolidated affiliates

	For the year	1969	1968
Sales of products and services to customers		\$8,447,965,000	\$8,381,633,000
Other income		98,727,000	86,299,000
		<u>8,546,692,000</u>	<u>8,467,932,000</u>
Costs			
Employee compensation, including benefits		3,510,787,000	3,324,526,000
Materials, supplies, services and other costs		4,126,105,000	4,062,360,000
Depreciation		351,282,000	300,141,000
Taxes, except those on income		81,714,000	78,245,000
Interest and other financial charges		78,113,000	70,461,000
Provision for income taxes		231,504,000	312,271,000
Less increase in inventories during the year		— 108,549,000	— 31,453,000
		<u>8,270,956,000</u>	<u>8,116,551,000</u>
Earnings before interest of other share owners		275,736,000	351,381,000
Interest of other share owners in net results of affiliates .		<u>2,279,000</u>	<u>5,726,000</u>
Net earnings applicable to common stock		278,015,000	357,107,000
Dividends declared		<u>— 235,226,000</u>	<u>— 234,783,000</u>
Amount added to retained earnings		42,789,000	122,324,000
Retained earnings at January 1		<u>1,738,244,000</u>	<u>1,615,920,000</u>
Retained earnings at December 31		<u><u>\$1,781,033,000</u></u>	<u><u>\$1,738,244,000</u></u>
 Net earnings per share		 \$3.07	 \$3.95
Dividends declared and paid per share		\$2.60	\$2.60

The Financial Summary beginning on page 20 and ending on page 27 is an integral part of this statement.

Consolidated Statement of Financial Position

General Electric Company and consolidated affiliates

	December 31	1969	1968
Assets			
Cash on hand and in banks	\$ 201,570,000	\$ 285,580,000	
Marketable securities	127,705,000	87,745,000	
Current receivables	1,367,862,000	1,455,685,000	
Inventories	1,590,657,000	1,482,108,000	
Current assets	<u>3,287,794,000</u>	<u>3,311,118,000</u>	
Investments and advances	417,893,000	353,589,000	
Plant and equipment—less accumulated depreciation	1,814,861,000	1,677,651,000	
Other assets	486,842,000	401,416,000	
Total assets	<u>\$6,007,490,000</u>	<u>\$5,743,774,000</u>	
Liabilities and equity			
Short-term borrowings	\$ 340,720,000	\$ 280,600,000	
Accounts payable	386,868,000	418,805,000	
Progress collections and price adjustments accrued	709,041,000	528,181,000	
Dividends payable	58,756,000	58,718,000	
Taxes accrued	213,521,000	216,542,000	
Other costs and expenses accrued	657,748,000	601,435,000	
Current liabilities	<u>2,366,654,000</u>	<u>2,104,281,000</u>	
Long-term borrowings	673,310,000	749,075,000	
Other liabilities	240,178,000	227,155,000	
Miscellaneous reserves	145,098,000	129,675,000	
Total liabilities	<u>3,425,240,000</u>	<u>3,210,186,000</u>	
Interest of other share owners in equity of affiliates	<u>42,273,000</u>	<u>40,140,000</u>	
Preferred stock (2,000,000 shares authorized; none issued)	—	—	
Common stock (issued shares, \$5 par value per share)	458,657,000	458,324,000	
Amounts received for stock in excess of par value	300,287,000	296,880,000	
Retained earnings	1,781,033,000	1,738,244,000	
Share owners' equity	<u>2,539,977,000</u>	<u>2,493,448,000</u>	
Total liabilities and equity	<u>\$6,007,490,000</u>	<u>\$5,743,774,000</u>	

The Financial Summary beginning on page 20 and ending on page 27 is an integral part of this statement.

(continued from page 20)

preceding years. At the end of 1969, this ratio was 61%. The actual earnings of the Trust for 1969, including the programmed recognition of appreciation, were equal to 6.4% of book value of the portfolio. Unfunded liabilities of the Pension Plan are being amortized over a 20-year period beginning in 1967 and are estimated to be \$27 million at December 31, 1969. Trust financial statements appear at right.

Depreciation amounted to \$351.3 million in 1969 compared with \$300.1 million in 1968. **An accelerated depreciation method, based principally on a sum-of-the-years-digits formula, is used to depreciate U.S. assets purchased in 1961 and subsequently. U.S. assets purchased prior to that, and most assets outside the United States, are depreciated on a straight-line basis. In addition, special depreciation is provided where equipment may be subject to abnormal economic conditions and obsolescence.**

Taxes, except those on income, totaled \$81.7 million in 1969 compared with \$78.2 million in 1968. These taxes are mainly franchise and property taxes and exclude social security taxes which are included with employee benefits.

Interest and other financial charges increased to \$78.1 million in 1969 from \$70.5 million in the previous year. This increase is largely attributable to higher rates of interest and increased seasonal borrowings.

Provision for income taxes amounted to \$231.5 million in 1969. Details of this amount are shown in the tabulation in the lower right margin.

Provision for U.S. Federal income taxes, in accordance with the recommendation of the American Institute of Certified Public Accountants, has been based on the income and costs included in the earnings statement shown on page 21.

The amount of U.S. Federal income taxes shown payable is determined by applicable statutes and government regulations. The amounts shown as timing differences result from the fact that under these statutes and regulations some items of income and cost are not recognized in the same time period as good accounting practice requires them to be recorded. The net effect of such differences has been that earnings on which tax payments have been required have been more than earnings reported in Annual Reports. Accordingly, the provision for taxes has been reduced, and a deferred-tax asset has been established to record the reduction of future tax payments. For 1969, timing differences include the effect of the regular provision for 1970 vacation payments to striking employees which was not a contractual liability at December 31, and therefore not deductible for tax purposes.

Federal income taxes to be paid on undistributed earnings of foreign affiliates upon their transfer to the parent Company are believed not to be significant.

U.S. Federal income tax returns of the parent Company are settled through 1960.

The Company follows the practice of adding the investment credit to income over the life of the underlying facilities rather than in the year in which facilities are placed in service. The investment credit was repealed effective April 18, 1969. The investment credit amounted to \$10.3 million in 1969 compared with \$17.6 million last year. In 1969, \$9.0 million was added to net earnings compared with \$6.7 million in 1968. At the end of 1969, the amount still deferred and to be included in net earnings in future years was \$52.0 million. If the Company had "flowed through" the investment credit, this amount would have been included in 1969 and prior years earnings.

Renegotiation is a net provision for that portion of earnings on prime and subcontract sales to the U.S. Government which may later be claimed by the Government.

General Electric Pension Trust

Operating Statement

	(In millions)	
	1969	1968
Total assets at Jan. 1	\$1,630.5	\$1,523.3
Company contributions	52.9	50.5
Employee contributions	19.8	18.5
	<u>72.7</u>	<u>69.0</u>
Dividends, interest and sundry income	83.3	76.7
Common stock appreciation:		
Realized	0.5	14.2
Unrealized and recognized	42.4	20.3
	<u>42.9</u>	<u>34.5</u>
Pensions paid	— 78.9	— 73.0
Total assets at Dec. 31	<u>\$1,750.5</u>	<u>\$1,630.5</u>

Financial Position—Dec. 31

Investments	\$1,726.1	\$1,609.2
Other assets—net	24.4	21.3
Total assets	<u>\$1,750.5</u>	<u>\$1,630.5</u>
Liability to pensioners	\$ 535.8	\$ 503.6
Reserve for pensions to participants not yet retired	1,214.7	1,126.9
Liabilities and reserves	<u>\$1,750.5</u>	<u>\$1,630.5</u>

Investments are carried at amortized cost plus unrealized appreciation recognized.

Market value of investments was approximately \$2,116 million on December 31, 1969.

Provision for Income Taxes

	(In millions)	
	1969	1968
U.S. Federal income taxes:		
Estimated amount payable	\$256.3	\$329.5
Effect of timing differences	— 69.2	— 61.2
Investment credit deferred—net	1.3	10.9
	<u>188.4</u>	<u>279.2</u>
Other income taxes and renegotiation	43.1	33.1
	<u>\$231.5</u>	<u>\$312.3</u>

Total taxes, including income, franchise and property taxes, were \$313.2 million or \$3.46 a share in 1969, 39 cents more than net earnings.

Interest of other share owners in net results of affiliates represents the share which other owners have in the net earnings and losses of consolidated affiliates not wholly owned by General Electric. Variances in this account between periods result not only from changes in the affiliates' earnings but also from changes in the Company's percent of ownership in these affiliates.

Cash and marketable securities totaled \$329.3 million at the end of 1969, a decrease of \$44.1 million during the year. **Marketable securities were carried at the lower of amortized cost or market value.** Carrying value was substantially the same as market value.

A summary of the source and application of funds is shown in the right margin.

Current receivables, less related reserve, totaled \$1,367.9 million at December 31, 1969 compared with \$1,455.7 million at the end of 1968. The reserve applicable to current receivables amounted to \$48.4 million at December 31, 1969 and \$44.5 million at the end of 1968.

Long-term receivables less reserve are reported in other assets.

Inventories at the end of 1969 totaled \$1,590.7 million, an increase of \$108.5 million from the end of 1968. Materials on order prior to the strike continued to be received after the strike became effective, contributing to a significant increase in raw and in-process items. However, finished goods inventories declined as sales were made without corresponding replacement.

Inventories in the United States were substantially all valued on a last-in, first-out (LIFO) basis, and substantially all those outside the U.S. were valued on a first-in, first-out (FIFO) basis. Such valuations were not in excess of market and were based on cost, exclusive of certain indirect manufacturing expenses and intercompany profits. The LIFO basis values inventories conservatively during inflationary times, and on a FIFO basis the year-end 1969 inventories would have been \$214.9 million in excess of this valuation. This difference increased \$58.2 million during 1969.

Investments and advances amounted to \$417.9 million at the end of 1969 as summarized in the margin to the right.

Investments in finance affiliates are carried at equity plus advances. Investment in General Electric Credit Corporation, a wholly-owned nonconsolidated finance affiliate, amounted to \$185.1 million at the end of 1969. Financial statements for the Credit Corporation are shown on page 27.

Investment in General Electric common stock is carried at cost. At the end of 1969, 847,433 shares, having a quoted market value of \$65.7 million, were held for various corporate purposes.

Shares held by the Company included 381,679 shares for possible conversion of General Electric Overseas Capital Corporation's bonds described on page 25. During 1969, 612,197 shares of the Company's stock were purchased principally through regular transactions in the securities market. Comparable 1968 purchases were 446,498 shares. Uses of the shares, including acquisitions which have been accounted for as purchases, are shown to the right.

In addition, at December 31, 1969, the Company was holding under the deferred compensation provisions of Incentive Compensation Plans a total of 477,271 shares of General Electric common stock deferred during the years 1950 through 1969.

Source of Funds	(In millions)	
	1969	1968
Net earnings for the year	\$278.0	\$357.1
Less dividends paid	<u>—235.2</u>	<u>—234.6</u>
	42.8	122.5
Cash and marketables	44.1	— 36.2
Short-term borrowings	60.1	13.7
Long-term borrowings	<u>— 75.8</u>	<u>25.0</u>
Newly issued common stock	5.8	33.4
Net source of funds	<u>\$ 77.0</u>	<u>\$158.4</u>

Application of Funds		
Short-term applications:		
Inventories	\$108.5	\$ 31.4
Current receivables	<u>— 87.8</u>	<u>35.8</u>
Payables to others	<u>—202.2</u>	<u>—113.0</u>
	<u>—181.5</u>	<u>— 45.8</u>
Long-term applications:		
Plant additions	530.6	514.7
Depreciation taken	<u>—351.3</u>	<u>—300.1</u>
Other	<u>79.2</u>	<u>— 10.4</u>
	<u>258.5</u>	<u>204.2</u>
Net application of funds	<u>\$ 77.0</u>	<u>\$158.4</u>

Investments and Advances	(In millions)	
	December 31 1969	1968
Nonconsolidated finance affiliates	\$187.7	\$157.5
General Electric common stock	76.7	60.2
Associated companies	21.7	20.7
Miscellaneous investments	141.4	124.8
Reserve for investments	<u>— 9.6</u>	<u>— 9.6</u>
	<u>\$417.9</u>	<u>\$353.6</u>

Uses of Treasury Shares		
	1969	1968
General Electric employee savings plans	288,827	294,432
Incentive Compensation Plans:		
Delivered to participants	36,144	45,172
Transferred under deferred provisions	71,992	73,627
Other awards to employees	165	362
Acquisitions:		
Metropolitan Television Co., Denver, Colo.	—0—	121,475
Benerson Corporation, Evansville, Ind.	7,164	—0—
	<u>404,292</u>	<u>535,068</u>

These shares are carried under other assets as a part of funds for employee benefit plans. They are carried at market value at the time of their allotment with an offset under other liabilities.

Investments in associated companies which are not consolidated but in which the Company owns approximately 50% of the voting stock are valued at cost adjusted for changes in equity since acquisition.

Miscellaneous investments are valued at cost. On December 31, 1969, the fair value of these investments was approximately \$210 million.

Plant and equipment represents the original cost of land, buildings and equipment, including equipment leased to others, less estimated cost consumed by wear and obsolescence. Details of plant and equipment, and accumulated depreciation, are shown in the table to the right.

Other assets, less applicable reserve of \$11.0 million, totaled \$486.8 million at December 31, 1969, as shown in the right margin. Research and development expenditures, except those specified as recoverable design costs on government contracts, are charged to operations as they are incurred. Deferred income taxes include \$84.1 million applicable to current assets and liabilities.

Short-term borrowings, those due within one year, totaled \$340.7 million at the end of 1969 compared with \$280.6 million at the end of the preceding year and represented principally borrowings from banks by the Company's foreign affiliates.

Other costs and expenses accrued at the end of 1969 included compensation and benefit costs accrued of \$256.0 million and interest expense accrued of \$10.9 million. The remaining costs and expenses accrued included liabilities for items such as replacements under guarantees and allowances to customers.

Long-term borrowings amounted to \$673.3 million at December 31, 1969 compared with \$749.1 million at the end of last year as summarized in the table to the right.

General Electric Company 5.30% Sinking Fund Debentures are due May 1, 1992. Sinking fund payments are required beginning in 1973. Debentures outstanding at the end of 1969 amounted to \$189.0 million after deduction of reacquired debentures with a face value of \$11.0 million held in treasury for future sinking fund requirements. General Electric Company 5¼% Notes are due November 1, 1991. Mandatory prepayments are required beginning in 1972. The Company's 3½% Debentures are due May 1, 1976. Debentures having a face value of \$13.9 million, and reacquired at a cost of \$13.0 million, were retired during 1969 in accordance with the sinking fund provisions. Debentures outstanding at the end of 1969 amounted to \$119.8 million after deduction of reacquired debentures with a face value of \$55.3 million held in treasury for future sinking fund requirements.

General Electric Overseas Capital Corporation borrowings are unconditionally guaranteed by General Electric Company as to payment of principal, premium, if any, and interest. Proceeds from these borrowings are being used to help finance the international operations of the Company and its affiliates. The borrowings include the Corporation's 4¼% Guaranteed Bonds due December 1, 1985, in the aggregate principal amount of \$50.0 million. The bonds are convertible through November 30, 1975, into General Electric common stock at \$131 a share. Sinking fund payments on any debentures not converted are required beginning in 1976. On July 1, 1969, the Corporation elected to prepay its 6¼% Deutsche Mark Notes (equivalent to \$25.0 million) which were due July 1, 1971.

Plant and Equipment		<i>(In millions)</i>	
Major classes at Dec. 31		1969	1968
Land and improvements	\$ 87.0	\$	\$ 83.1
Buildings, structures and equipment	1,042.7		985.6
Machinery and equipment	2,732.7		2,468.8
Leasehold costs and plant under construction	119.7		91.2
	<u>\$3,982.1</u>		<u>\$3,628.7</u>

Cost at Jan. 1	\$3,628.7	\$3,222.1
Additions	530.6	514.7
Dispositions	— 177.2	— 108.1
Cost at Dec. 31	<u>\$3,982.1</u>	<u>\$3,628.7</u>

Accumulated Depreciation			
Balance at Jan. 1	\$1,951.0	\$1,727.1	
Current year provision	351.3	300.1	
Dispositions	— 148.4	— 97.8	
Other changes	13.2	21.6	
Balance at Dec. 31	<u>\$2,167.1</u>	<u>\$1,951.0</u>	

Plant and Equipment less Depreciation at Dec. 31	<u>\$1,815.0</u>	<u>\$1,677.7</u>
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Other Assets		<i>(In millions)</i>	
December 31		1969	1968
Long-term receivables less reserve	\$133.2	\$129.5	
Deferred income taxes	129.1	59.6	
Recoverable design costs on government contracts	89.3	73.9	
Funds for employee benefit plans	37.6	31.6	
Customer financing	27.9	38.4	
Deferred charges	27.1	27.5	
Loans and advances to employees	11.4	9.4	
All other	31.2	31.5	
	<u>\$486.8</u>	<u>\$401.4</u>	

Long-Term Borrowings		<i>(In millions)</i>	
December 31		1969	1968
General Electric Company:			
5.30% Debentures	\$189.0	\$200.0	
5¼% Notes	125.0	125.0	
3½% Debentures	119.8	141.0	
General Electric Overseas Capital Corporation			
Guaranteed Bonds and Notes	99.5	112.7	
Other long-term borrowings	140.0	170.4	
	<u>\$673.3</u>	<u>\$749.1</u>	

Other long-term borrowings represent largely borrowings by foreign affiliates with various interest rates and maturities.

Preferred stock, \$1 par value, up to a total of 2,000,000 shares has been authorized by the share owners. No preferred shares had been issued at December 31, 1969.

Common stock, \$5 par value, up to a total of 105,000,000 shares has been authorized by the share owners. At December 31, 1969, there were 91,731,316 common shares issued and 90,406,612 shares outstanding as summarized at right. The number of new shares issued varies between periods depending on the requirements of employee plans and the timing of deliveries of shares under provisions of those plans. **Amounts in excess of par value** received for stock increased \$3.4 million in 1969. This increase resulted from amounts received for newly-issued shares in excess of par value (\$5.5 million) reduced by net losses from the disposition of stock held in treasury (\$2.1 million).

The Incentive Compensation Plan provides incentive for outstanding performance by key employees. Allotments made in 1969 for services performed in 1968 amounted to \$22.3 million for 3,081 employees.

The Stock Option Plan, approved by the share owners in 1968 by 98.2% of the votes cast, and three previous similar plans, provided continuing incentive for more than 580 employees during 1969. The option price of grants under these plans is the full market value of General Electric stock on the date of grant. Therefore, participants in the plans do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, in order to exercise options the employee must remain with the Company, since options may be exercised only after annual installments mature, which is generally over a period of nine years. Thus the plans encourage managers and professional employees to have the long-term entrepreneurial interest that will benefit all share owners.

The additional stock options granted during 1969 covered 185,152 shares. The shares deducted from original grants for such reasons as deaths, retirements and withdrawals totaled 50,136. Options for 990,988 shares outstanding at the end of 1969 were held by 584 individuals, and 634,228 shares were available for the granting of additional options. A summary of the grants outstanding at the end of 1969 is shown at the right.

Common Stock Issued and Outstanding

	1969	1968
Shares issued at Jan. 1	91,664,804	91,306,551
New shares issued:		
Savings and Security Program	44,508	322,610
Stock option plans	22,004	35,643
Shares issued at Dec. 31	91,731,316	91,664,804
Less:		
Shares held in treasury	847,433	639,528
Shares deferred under Incentive Compensation Plans	477,271	427,958
Shares outstanding at Dec. 31	<u>90,406,612</u>	<u>90,597,318</u>

Stock Options

Year of grant	Option price	Net original grants*	Installments		1969 purchases
			Not yet exercisable	Exercisable but not yet purchased	
1959	\$ 79.86	21,942	—	—	6,400
1960	78.63	65,200	—	40,027	4,103
1961	78.00	64,856	5,312	37,489	1,490
1962	72.75	44,515	8,636	20,256	2,218
1963	79.88	243,370	63,790	124,161	6,584
1964	90.63	111,750	45,439	57,939	1,209
1965	114.63	28,801	15,465	13,336	—
1966	97.50	108,736	71,148	37,376	—
1967	101.50	90,239	69,615	20,624	—
1968	95.75	175,223	155,408	19,815	—
1969	80.88	<u>185,152</u>	<u>185,152</u>	—	—
		<u>1,139,784</u>	<u>619,965</u>	<u>371,023</u>	<u>22,004</u>

*After deductions for such reasons as deaths, retirements and withdrawals Closing market price was \$77.50 on December 31, 1969.

Independent Auditors' Report

To the share owners and board of directors of General Electric Company

We have examined the consolidated statement of financial position of General Electric Company and affiliates as of December 31, 1969, and the related statement of current and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements present fairly the financial position of General Electric Company and affiliates at December 31, 1969, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co., 345 Park Avenue, New York, New York, February 19, 1970.

General Electric Credit Corporation—Condensed Financial Statements

FINANCIAL POSITION	December 31	1969	1968
Cash and marketable securities		\$ 129,628,000	\$ 64,360,000
Receivables (including installments due after one year 1969—\$977,000,000; 1968—\$738,000,000)		1,954,638,000	1,644,705,000
Less: Deferred income		— 198,023,000	— 172,162,000
Reserve for losses		— 37,102,000	— 37,062,000
Net receivables		1,719,513,000	1,435,481,000
Other assets		6,054,000	8,572,000
Total assets		\$1,855,195,000	\$1,508,413,000
Notes payable: Due within one year		\$1,231,856,000	\$ 963,682,000
Long-term—Senior notes		178,700,000	162,200,000
—Subordinated notes		110,000,000	105,000,000
Accounts payable and other liabilities		149,510,000	130,636,000
Total liabilities		1,670,066,000	1,361,518,000
Capital stock		55,000,000	20,000,000
Retained earnings		130,129,000	126,895,000
Equity—held by General Electric Company		185,129,000	146,895,000
Total liabilities and equity		\$1,855,195,000	\$1,508,413,000
CURRENT AND RETAINED EARNINGS	For the year	1969	1968
Earned income		\$ 199,148,000	\$ 170,007,000
Expenses—Operating and administrative		61,468,000	57,761,000
—Interest and discount		94,050,000	65,711,000
—Provision for losses on receivables		13,321,000	14,569,000
—Provision for income taxes		15,075,000	16,607,000
Net earnings		15,234,000	15,359,000
Dividends		— 12,000,000	— 0 —
Retained earnings at January 1		126,895,000	111,536,000
Retained earnings at December 31		\$ 130,129,000	\$ 126,895,000

General Electric Credit Corporation is a wholly-owned nonconsolidated finance affiliate. Condensed financial statements for the General Electric Credit Corporation and its consolidated affiliates are shown above. Copies of the 1969 Annual Report for the Credit Corporation may be obtained by writing to General Electric Credit Corporation, P.O. Box 8300, Stamford, Conn. 06904.

The Credit Corporation's net receivables rose to \$1,719.5 million at December 31, 1969. They consisted of \$1,181.2 million in consumer time-sale and loan accounts, \$537.1 million in commercial and industrial time-sale, loan and lease accounts, \$123.5 million in inventory financing and accounts receivable accounts, \$73.0 million in Medallion home financing accounts and \$39.8 million in other receivables, offset in part by \$235.1 million of deferred income and reserve for losses.

During 1969, capital stock was increased \$35.0 million by the sale of a preferred stock issue to General Electric Company.

Net earnings amounted to \$15.2 million in 1969, a decrease of 1% from 1968. The Credit Corporation's volume of financing increased by 16% in 1969 to \$1,934.0 million.

Ten Year Summary

Dollar amounts in millions; per-share amounts in dollars

On worldwide basis of consolidation	1969	1968	1967	1966	1965	1964	1963
Sales of products and services	\$8,448.0	\$8,381.6	\$7,741.2	\$7,177.3	\$6,213.6	\$5,319.2	\$5,177.0
Net earnings	278.0	357.1	361.4	338.9	355.1	219.6	272.2
Net earnings per share	3.07	3.95	4.01	3.75	3.93	2.44	3.05
Earnings as a percentage of sales . .	3.3%	4.3%	4.7%	4.7%	5.7%	4.1%	5.3%
Earned on share owners' equity . .	11.0%	14.8%	15.9%	15.7%	17.5%	11.5%	14.9%
Cash dividends declared	\$ 235.2	\$ 234.8	\$ 234.2	\$ 234.6	\$ 216.7	\$ 197.7	\$ 183.1
Dividends declared per share . .	2.60	2.60	2.60	2.60	2.40	2.20	2.05
Shares outstanding—average	90,482,256	90,325,683	90,133,132	90,304,736	90,316,825	89,916,726	89,384,229
Share owner accounts—average . . .	519,879	530,099	529,410	529,912	521,230	516,402	503,516
Market price range per share ^(a) . . .	98¼-74½	100¾-80¼	115¾-82½	120-80	120¼-91	93½-78¾	87½-71¾
Current assets	\$3,287.8	\$3,311.1	\$3,207.6	\$3,013.0	\$2,842.4	\$2,543.8	\$2,321.0
Current liabilities	2,366.7	2,104.3	1,977.4	1,883.2	1,566.8	1,338.9	1,181.9
Total assets	6,007.5	5,743.8	5,347.2	4,851.7	4,300.4	3,836.0	3,502.5
Share owners' equity	2,540.0	2,493.4	2,342.2	2,211.7	2,107.0	1,944.2	1,889.2
Plant and equipment additions . . .	\$ 530.6	\$ 514.7	\$ 561.7	\$ 484.9	\$ 332.9	\$ 237.7	\$ 149.2
Depreciation	351.3	300.1	280.4	233.6	183.4	170.3	149.4
Total taxes and renegotiation ^(b) . . .	313.2	390.5	390.1	409.1	403.8	277.3	331.4
Provision for income taxes	231.5	312.3	320.5	347.4	352.2	233.8	286.7
Employees (U.S. only)—average ^(c) . .	317,874	305,165	296,258	290,825	257,903	242,895	244,896

(a) Represents high and low market price on New York Stock Exchange for each year.

(b) Excludes certain excise and sales taxes, which are not included in sales or costs, and social security taxes, which are included with employee benefits.

(c) Includes employees on strike.

Directors and Management

1962	1961	1960
\$4,986.1	\$4,666.6	\$4,383.2
256.5	238.4	218.7
2.89	2.70	2.49
5.1%	5.1%	5.0%
15.0%	14.8%	14.3%
\$ 177.5	\$ 176.4	\$ 175.5
2.00	2.00	2.00
88,802,355	88,292,109	87,776,272
446,919	440,938	416,950
78½-54¼	80¾-60½	99⅞-70¼
\$2,024.6	\$1,859.7	\$1,846.6
1,168.7	1,086.6	960.0
3,349.9	3,143.4	2,938.8
1,764.3	1,654.6	1,568.5
\$ 173.2	\$ 179.7	\$ 166.2
146.0	131.6	125.1
298.7	289.9	234.1
254.0	248.9	196.3
243,112	234,855	236,250

Board membership decreased to 19 in 1969 when Dr. Edwin D. Harrison did not stand for re-election upon resigning the presidency of the Georgia Institute of Technology. He had served on the Board over seven years. Also, the Company was saddened by the death in 1969 of two former Directors, Francis L. Higginson, a Director for more than 36 years, and Sidney J. Weinberg, a Director from 1945 to 1961.

Board members are listed below with their principal affiliations and years of service as General Electric Directors. Their average age is 59 and average length of service on the Board is 10 years.

J. Paul Austin, President and Director, The Coca-Cola Company, Atlanta, Ga. (6 years)

Fred J. Borch, Chairman of the Board and Chief Executive Officer, General Electric Company, New York City. (8 years)

William H. Dennler, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (1 year)

Frederick B. Dent, President and Director, Mayfair Mills, Arcadia, S. C. (4 years)

Thomas S. Gates, Chairman of the Executive Committee and Director, J. P. Morgan & Co., Inc. and Morgan Guaranty Trust Company of New York, New York City. (5 years)

Frederick L. Hovde, President, Purdue University, Lafayette, Ind. (14 years)

Gilbert W. Humphrey, Chairman of the Board and Director, The Hanna Mining Company, Cleveland, Ohio. (15 years)

John E. Lawrence, Partner, James Lawrence & Co., Boston, Mass. (13 years)

Ralph Lazarus, Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio. (7 years)

Edmund W. Littlefield, President and Director, Utah Construction & Mining Company, San Francisco, Calif. (6 years)

George H. Love, Chairman of the Board and Director, Consolidation Coal Company, Pittsburgh, Pa. (20 years)

Neil H. McElroy, Chairman of the Board and Director, The Procter & Gamble Company, Cincinnati, Ohio. (18 years)

Dean A. McGee, Chairman of the Board and Director, Kerr-McGee Corporation, Oklahoma City, Okla. (8 years)

Henry S. Morgan, Partner, Morgan Stanley & Co., New York City. (30 years)

Jack S. Parker, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (1 year)

Gilbert H. Scribner, Jr., President and Director, Scribner & Co., Chicago, Ill. (7 years)

Robert T. Stevens, Chairman of the Executive Committee and Director, J. P. Stevens & Co., Inc., New York City. (20 years)

Herman L. Weiss, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (1 year)

Walter B. Wriston, President and Director, First National City Bank, New York City. (8 years)

MANAGEMENT

The team of managers listed on this and the following pages averages 52 years of age, with service averaging 27 years.

Corporate Executive Office

FRED J. BORCH, Chairman of the Board and Chief Executive Officer.

WILLIAM H. DENNLER, **JACK S. PARKER** and **HERMAN L. WEISS**, Vice Chairmen of the Board and Executive Officers.

Group Executives

HERSHNER CROSS, Vice President and Group Executive—Industrial Group.

W. DAVID DANCE, Vice President and Group Executive—Appliance and Television Group.

OSCAR L. DUNN, Vice President and Group Executive—Construction Industries Group.

HUBERT W. GOULDTHORPE, Vice President and Group Executive—Power Generation Group.

ROBERT W. LEWIS, Vice President and Group Executive—Power Transmission and Distribution Group.

MARK MORTON, Vice President and Group Executive—Aerospace Group.

GERHARD NEUMANN, Vice President and Group Executive—Aircraft Engine Group.

HILLIARD W. PAIGE, Vice President and Group Executive—Information Systems Group.

CHARLES E. REED, Vice President and Group Executive—Components and Materials Group.

DONALD D. SCARFF, Vice President and Group Executive—Consumer Products Group.

J. STANFORD SMITH, Vice President and Group Executive—International Group.

(continued on page 30)

Management *(continued)*

Corporate Staff Officers

ARTHUR M. BUECHE, Vice President—Research and Development.

VIRGIL B. DAY, Vice President—Industrial Relations.

ROBERT M. ESTES, Vice President—General Counsel and Secretary.

ROY L. JOHNSON, Vice President—Management Manpower Development.

REGINALD H. JONES, Vice President—Finance.

JOHN B. MCKITTERICK, Vice President—Corporate Planning.

HALBERT B. MILLER, Vice President—Manufacturing.

DOUGLAS S. MOORE, Vice President—Marketing and Public Affairs.

PHILIP D. MOORE, Vice President—Employee Relations.

JAMES F. YOUNG, Vice President—Engineering.

Comptroller: ROBERT E. PFENNING.

Treasurer: PAUL E. WALLENDORF.

Aerospace Group

ROY H. BEATON, Vice President and General Manager—Electronic Systems Division.

L. BERKLEY DAVIS, Vice President and General Manager—Defense Programs Division.

DANIEL J. FINK, Vice President and General Manager—Space Division.

CHARLES W. GEORGE, Vice President and General Manager—Aircraft Equipment Division.

OTTO KLIMA, JR., Vice President and General Manager—Re-entry and Environmental Systems Division.

Aircraft Engine Group

FRED W. GARRY, Vice President and General Manager—Aircraft Engine Technical Division.

EDWARD E. HOOD, JR., Vice President and General Manager—Commercial Engine Division.

FRED O. MacFEE, JR., Vice President and General Manager—Aircraft Engine Operating Division.

RAMOND E. SMALL, Vice President and General Manager—Aircraft Engine Support and Service Division.

EDWARD WOLL, Vice President and General Manager—Military Engine Division.

Appliance and Television Group

STANLEY C. GAULT, Vice President and General Manager—Refrigerator Products Division.

JOSEPH H. GAUSS, Vice President and General Manager—Air Conditioning and Group Support Division.

IRVING L. GRIFFIN, Vice President and General Manager—Television Division.

DONALD W. LYNCH, Vice President and General Manager—Kitchen Appliance Division.

LESTER E. PANKONIN, Vice President and General Manager—Appliance and Television Distribution Financial and Service Division.

EDWARD L. STEHLE, Vice President and General Manager—Appliance and Television Sales Division.

ARTHUR E. ANDRES, Deputy Division General Manager—Home Laundry Products.

HICKS B. WALDRON, Deputy Division General Manager—International Appliance and Television Operations.

Components and Materials Group

JEROME T. COE, Vice President and General Manager—Industry Components and Metallurgical Division.

REUBEN GUTOFF, Vice President and General Manager—Chemical and Medical Division.

FRED H. HOLT, Vice President and General Manager—Appliance Components Division.

LEONARD C. MAIER, JR., Vice President and General Manager—Electronic Components Division.

Construction Industries Group

RALPH B. GLOTZBACH, Vice President and General Manager—General Electric Supply Company Division.

ROBERT B. KURTZ, Vice President and General Manager—Contractor Equipment Division.

CARL W. MOELLER, Vice President and General Manager—Construction Materials Division.

J. HERBERT SMITH, President and Chief Executive Officer; WALTER G. WARD, Executive Vice President—Apparatus and Heavy Machinery Division; GEORGE S. MacDONNELL, Vice President—Consumer Products Division; and REGINALD D. RICHARDSON, Vice President—Construction and Industry Supplies Division, Canadian General Electric Company Limited (an affiliate of General Electric Company).

Consumer Products Group

ROBERT V. CORNING, Vice President and General Manager—Lamp Division.

DONALD E. PERRY, Vice President and General Manager—Consumer Electronics Division.

CECIL S. SEMPLE, Vice President and General Manager—Housewares Division.

CHARLES G. KLOCK, President and General Manager—General Electric Credit Corporation (an affiliate of General Electric Company).

Industrial Group

S. WELLFORD CORBIN, Vice President and General Manager—Industrial Sales Division.

RICHARD P. GIFFORD, General Manager—Communication Systems Division.

HOWARD D. KURT, Vice President and General Manager—Process Measurement and Control Division.

LOUIS E. WENGERT, Vice President and General Manager—Adjustable Speed Drives Division and Constant Speed Drives Division.

BRYCE W. WYMAN, Vice President and General Manager—Transportation Systems Division.

ERWIN M. KOERITZ, Deputy Division General Manager—Manufacturing Automation Equipment.

GEORGE B. WOODS, Deputy Division General Manager—Constant Speed Drives Division.

Information Systems Group

RICHARD M. BLOCH, General Manager—Advanced Systems Division.

JOHN F. BURLINGAME, Vice President and General Manager—Information Systems Equipment Division.

ARTHUR E. PELTOSALO, Vice President and General Manager—International Information Systems Division.

PAUL W. SAGE, General Manager—Information Services Division.

THOMAS A. VANDERSLICE, Deputy Division General Manager—Information Systems Sales and Service.

International Group

MARSHALL BARTLETT, JR., Vice President and General Manager—Area Division, Europe.

WILLIAM L. LURIE, General Manager—International Business Support Division.

J. RUSSELL MUDGE, Vice President and General Manager—Area Division, Far East.

RUSSELL E. WHITMYER, Vice President and General Manager—Area Division, Latin America.

HOYT P. STEELE, Vice President and General Manager—IGE Export Division.

Power Generation Group

DONALD E. CRAIG, Vice President and General Manager—Large Steam Turbine-Generator Division.

MILTON F. KENT, Vice President and General Manager—Power Generation Sales Division.

A. EUGENE SCHUBERT, Vice President and General Manager—Nuclear Energy Division.

CLEMENT E. SUTTON, JR., Vice President and General Manager—Industrial and Marine Turbine Division.

GEORGE J. STATHAKIS, Deputy Division General Manager—Boiling Water Reactor Operations.

Power Transmission and Distribution Group

ROBERT B. AMES, Vice President and General Manager—Power Transmission Division.

CHRISTY W. BELL, Vice President and General Manager—Power Protection and Conversion Division.

CHARLES J. MELOUN, Vice President and General Manager—Power Distribution Division.

WILLIAM R. TACKABERRY, Vice President and General Manager—Power Transmission and Distribution Sales Division.

Regional Vice Presidents

THOMAS K. EDENFIELD, Southeastern.

WILLIAM B. FROGUE, Southwestern.

HARRY P. GOUGH, Mid-States.

GEORGE L. IRVINE, Central.

HARRY M. LAWSON, Western.

PAUL D. ROSS, East Central.

F. CHARLES RULING, Atlantic.

JOHN A. SPENCER, Northeastern.

Vice President—Washington Corporate Affairs

LAURENCE I. WOOD.

Commercial Vice President

STEVEN C. VAN VOORHIS.



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